

STATE OF IOWA
DEPARTMENT OF COMMERCE
UTILITIES BOARD

IN RE: AQUILA, INC., d/b/a AQUILA NETWORKS	DOCKET NO. RPU-02-5 (TF-02-238) (TF-02-239)
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ORDER REQUESTING ADDITIONAL INFORMATION

(Issued July 5, 2002)

On June 3, 2002, Aquila, Inc., d/b/a Aquila Networks (Aquila), filed with the Utilities Board (Board) an application for temporary and permanent rate increases. Also on June 3, 2002, Aquila filed proposed tariffs, identified as TF-02-238 and TF-02-239, proposing a temporary rate increase of approximately \$8.1 million and a permanent annual revenue increase of approximately \$9.3 million. On June 28, 2002, the Board docketed Aquila's application and tariffs as a formal proceeding identified as Docket No. RPU-02-5.

The Board is aware that Aquila has announced a large number of employee layoffs, possibly as many as 500, mostly in utility division corporate areas.¹ Board staff has reviewed accounting testimony filed by Aquila and has noted there is no mention of the reported layoffs. Rather, the employment levels submitted by Aquila are annualized to March 22, 2002, levels with only a few layoffs related to service

¹ See Platts' *Gas Daily*, Vol. 19, No. 84 (May 2, 2002), Vol. 19, No. 99 (May 23, 2002), and Vol. 19, No. 117 (June 19, 2002). See also *Kansas City Star*, June 18, 2002.

center consolidation to update those levels.

Subparagraph 199 IAC 7.4(6)"e"(10) requires that utilities update evidence pertaining to their rate case filing. Therefore, the Board is directing Aquila to file an itemized update to both its interim and final rate filings for the fully-loaded effects of any Aquila work force reductions. As most layoffs are reported to be of positions in corporate services as well as in field operations, the Board requests that the term "fully-loaded" be defined in different ways for personnel in different positions.

For personnel directly assigned to Iowa network operations, "fully loaded" is defined as being the salaries and benefits (including pensions), plus any assigned work spaces, vehicles, or other facilities that will no longer be needed to provide service to Iowa customers.

For personnel assigned to staff positions (accounting, purchasing, etc.) or to management positions responsible for operational forces in multiple jurisdictions, "fully-loaded" is defined as cost allocation change(s) to Iowa jurisdictional costs caused by any Aquila work force reductions.

The Board recognizes that there is the potential for additional cost reduction actions by Aquila. Therefore, the Board will require that throughout the remainder of this case, Aquila provide additional updates of any cost reduction action within seven days of the date such information becomes available to Aquila management.

IT IS THEREFORE ORDERED:

Aquila, Inc., d/b/a Aquila Networks, shall file the additional information identified in this order within ten days of the date of this order.

UTILITIES BOARD

/s/ Diane Munns

/s/ Mark O. Lambert

ATTEST:

/s/ Judi K. Cooper
Executive Secretary

/s/ Elliott Smith

Dated at Des Moines, Iowa, this 5th day of July, 2002.